

Why the New Emphasis on Certification?

by Mr Michael A. Bollinger, CGFM, CMA, CFM



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New emphasis has been placed on certifications within government and specifically the Department of Defense (DoD). In fact, the American Society of Military Comptrollers (ASMC), an organization primarily representing DoD financial management personnel, has recently added the Defense Financial Management Certification (DFMC) as an addition to the Association of Government Accountants' Certified Government Financial Management (CGFM) certification. It is timely to discuss what certifications are, why they are beneficial to obtain, and what are some of the common certifications.

When certifications are brought up in conversation, usually the questions pertain to what is a certification and why should one obtain a certification? First, let's begin with a general description of a certification, later the prevalent certifications will be discussed. A certification according to Webster's dictionary is simply an attestation that an individual meets a particular standard. The standard is set by governing boards of organizations or governmental entities through the administration of examinations, albeit only organizational certifications are presented in this paper. The examinations measure a candidate's general and specific knowledge of a particular area and their ability to apply that knowledge in the context of good judgement and professional responsibility.

In general, it can be stated that certifications provide proof that an individual knew general and specific knowledge of a particular area in financial management at a specific point in time. However, organizations have prerequisites for the examinations (which will be discussed for specific certifications) and most require at least 80 hours of continuing professional education (CPE) be earned in a two-year period with at least 20 hours per year in order to maintain the certification. CPEs provide credence to the certification by proclaiming certificate holders as knowing the topic areas at the time of the examination and continuing to expand on those topics as the years progress (i.e., a new CGFM will probably not have the breadth of knowledge as a 20-year CGFM).

The end result is that a certification presents the holder as meeting certain standards before the examination, having competently completed the examination, and continuing to expand their knowledge through CPEs. The next question becomes why is it important? The obvious response is that it is a quick indicator for an organization of the competency and initiative of an individual to meet a standard and continue to remain current with the rapidly changing environment of modern DoD, government, or business. It also provides an individual with participation in the governing organization, allowing for crossfeed of ideas and information. Although there are more benefits derived from gaining certifications, a final benefit

that will be mentioned in this paper is the extra credential for employment and the recognition it provides among peers.

There are several organizations that have certification programs. The remainder of this paper will discuss the six prevalent certifications by the organizations that govern them. It should be noted that ASMC's DFMC will not be discussed because it is discussed in the next article.

Association of Government Accountants (AGA)

The AGA governs the CGFM certification. The CGFM covers local, state, and federal government financial management operations. Examinations comprise three areas: Governmental Environment; Governmental Accounting, Financial Reporting, and Budgeting; and Governmental Financial Management and Control. Primarily, a candidate is expected to have a general understanding of each subject area; however, there are portions that require specific knowledge of techniques and practices unique to federal, state, or local governments. In order to sit for the examinations, a candidate must possess a bachelor's degree from an accredited college or university and have completed at least 24 credit hours in financial management ranging from accounting and budgeting to information resources management. Candidates must also have at least two years of professional level experience in government financial management. In order to maintain a CGFM, a candidate must complete CPEs. For further information on the CGFM, contact the AGA at their web site (www.agacgfm.org).

American Institute of Certified Public Accountants (AICPA)

The Certified Public Accountant (CPA) certification pertains primarily to public accounting, although the certification is recognized in government and other entities as an indicator of a holder's competency. The CPA is governed by state boards as opposed to the AICPA, but AICPA administers and grades the examinations as well as makes recommendations for prerequisites and CPEs. The CPA exam is comprised of four parts: Auditing; Financial Accounting and Reporting; Accounting and Reporting—Taxation, Managerial, Governmental, and Not-For-Profit Organization; and Business Law and Professional Responsibilities. In order to sit for the examination, most states require candidates to have at least 150 hours of approved accredited credit hours and a certain amount of professional work experience in public accounting. In order to maintain a CPA, a candidate must complete CPEs. For further information on the CPA, contact your state board or visit AICPA's web site (www.aicpa.org).

Institute of Management Accountants (IMA)

The IMA governs two certifications: Certified Management Accountant (CMA) and Certified in Financial Management (CFM). The CMA is concerned with management accounting of all types while the CFM is focused on accountants working in treasury, planning, or analysis. The CMA/CFM share three common tests: Economics, Finance and Management; Management Reporting, Analysis, and Behavioral Issues; and Decision Analysis and Information Systems. The CMA has one additional test on Corporate Financial Management. To qualify for the exams, candidates must have a bachelor's degree from an accredited school and two continuous years of professional experience in management accounting and/or financial management. In order to maintain the CMA/CFM, a candidate must complete the CPEs. For further information on the CMA/CFM, contact IMA's web site (www.imanet.org).

Institute of Internal Auditors (IIA)

The IIA governs the Certified Internal Auditor (CIA) certification. The CIA is designed for those who work in internal auditing. The exam consists of four parts: Internal Audit Process; Internal Audit Skills; Management Control and Information Technology; and The Audit Environment. To qualify for the exams, candidates must have a bachelor's degree from an accredited school and two years of internal audit experience or its equivalent. In order to maintain the CIA, a candidate must complete CPEs. For further information on the CIA, contact IIA's web site (www.theiia.org).

Hopefully, the above information alleviates the ambiguity of what a certification is, why you should obtain one, and what the most common certifications test. The environment we work in is changing at a more rapid pace than even 20 years ago, which increases reliance on certifications as an indicator of success. There is increased value in knowing that a certificate holder has met a particular standard and remains current with the environment through CPEs. If you are thinking about obtaining a certification, now is the time!

Why the New Emphasis on Certification? (Continued)

About the Author



Mr Michael A. Bollinger is currently a weapon systems cost analyst in the space programs division for the Air Force Cost Analysis Agency (AFCAA/FMSL). He has a BBA in Accounting from the University of Texas at San Antonio and a BMA from Wichita State University. He is actively involved in cost estimating for several satellite and missile programs. He is a CGFM, CMA, and CFM and is involved in several professional organizations. His previous assignment was as a budget analyst at McConnell AFB KS. He is a member of the Washington Chapter of the American Society of Military Comptrollers.